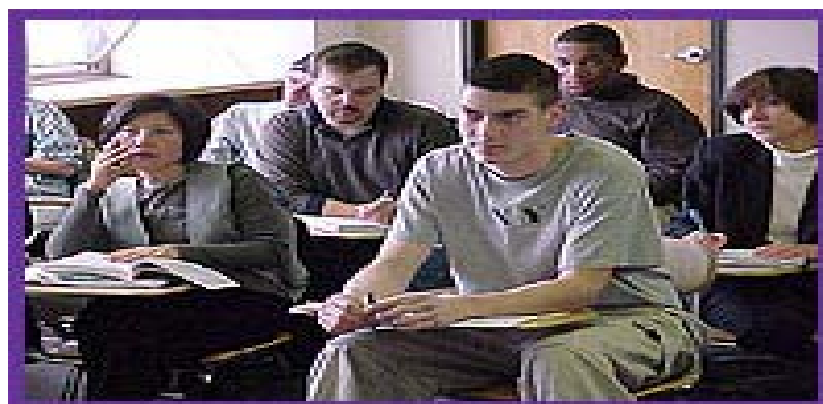


# Progress Report



Performance Plan  
Fiscal Year 2002  
March 31, 2002



We help put America through school

# 1

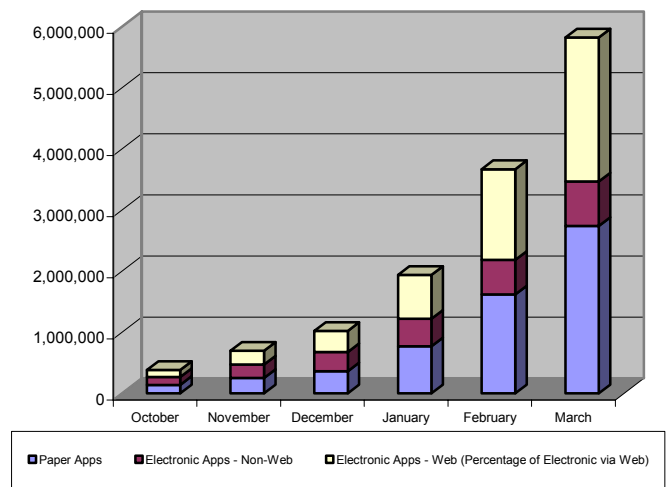
## OBJECTIVE ONE: Customer Satisfaction

- **FSA to the Internet (also called Student Aid Internet Gateway):** Over 7,000 financial aid officers who administer the Title IV programs are now able to transmit financial aid documents using the Internet. Previously all documents were transmitted to and from schools via a private network. The new *FSA to the Internet* system lets schools conduct business over a secure internet connection and speeds up the process with the ability for real-time student aid submission.
- **Data Mart:** The Financial Partners Data Mart, first released last spring, now houses data from additional systems and provides a seamless link with FMS, PEPS, NSLDS and other systems. Originally, the Data Mart simplified access and reduced contractor costs by moving all the historical data in the FFEL system to the Data Mart. With the addition of data from the other systems to the Data Mart, it continues to expand the amount of data that can be accessed by guaranty agencies and FSA. Tasks that used to take hours or days now take only minutes. This Data Mart is the model for the creation of other FSA Data Marts.
- **National Conferences:** FSA conducted three successful Electronic Access Conferences in Reno, Baltimore and Chicago this fiscal year. In addition, the Spring Conference, held in Baltimore, had approximately 1,200 attendees representing FFEL and Direct Loan schools, lenders, and other student aid professionals. Dr. Benjamin Carson of Johns Hopkins delivered the opening speech that earned a standing ovation. Deputy Secretary Bill Hansen provided the keynote address, "The Administration's View of Student Aid" that announced the changing of the name of "Student Financial Assistance" (SFA)

to "Federal Student Aid" (FSA). In addition to the sessions related to the operations of Title IV programs, the conference featured town meetings about the Reauthorization of the Higher Education Act.

- **Electronic FAFSA's:** Reengineering the FAFSA on the Web, [www.fafsa.ed.gov](http://www.fafsa.ed.gov), has vastly improved the turn around time for processing the form and decreased applicants' headaches. The easier application has resulted in over three million electronically filed applications this fiscal year. FSA expects to surpass the goal of processing 5.5 million applications electronically in fiscal year 2002.

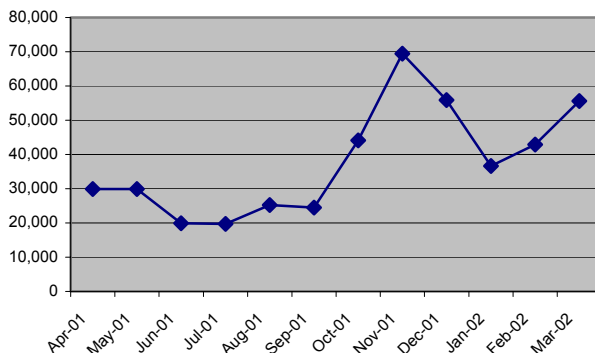
FAFSAs Processed in Fiscal Year 2002



- **EFT:** A total of 48 lenders are now participating in the Electronic Fund Transfer program. The original EFT pilot project had 13 lenders participating and FSA's goal was to increase this number to 26 lenders in fiscal year 2002. Lenders are excited about the EFT program because it reduces costs and time, and increases both customer and employee satisfaction by decreasing the number of days required to book a loan. The dramatic impact of this

initiative is evident in the fact that when it was first introduced in December 2000, a total of 1,428 loans were funded by EFT compared to March 2002 where EFT funded a total of 55,610 loans.

**Loans Funded by EFT**



- **Electronic Applications and Signatures:** FSA has succeeded in steering the Federal Government away from paper-based operations to the development and implementation of electronic signatures and electronic applications. Students can now use electronic signatures to secure a loan online for higher education. Instead of mailing a paper promissory note, students can now type their personal identification number online and use it as part of the electronically signed promissory note process. Schools can also apply for Campus-Based aid online. The application is located at <http://www.cbfsap.sfa.ed.gov> on the eCampus –Based System Web site. Campus-Based aid includes Federal Supplemental Educational Opportunity Grants, Federal Work-Study programs, and Perkins loans.

## 2 OBJECTIVE TWO: Reduce the Overall Cost of Delivering Student Aid

- **Renegotiations of Contracts Result in Savings For FSA:** The Virtual Data Center (VDC) hosts the Title IV application systems that support the Title IV

Delivery System. The VDC provides FSA a secure operating environment with 24 / 7 staff coverage. Computer Sciences Corporation (CSC) manages the VDC on behalf of FSA. Early this year, FSA and CSC renegotiated the contract resulting in reduced overall costs while maintaining the same level of service offered to the Title IV application systems. Additionally, the new contract provides new service level agreements for each initiative hosted by the VDC. FSA now provides CSC the latitude to meet application requirements by reconfiguring existing equipment, or taking advantage of proven new technologies to reduce service costs. The restructuring of the contract has reduced the overall VDC expenditures from \$80 million to \$54 million for FY 2002.

- **Direct Loan Servicing Electronic Bill Presentment and Payment:** FSA uses the internet frequently to increase customer satisfaction. In March FSA improved its Direct Loan Servicing Web-site, <http://dlservicer.ed.gov>, fully implementing internet billing and electronic correspondence. This bilingual Web site also provides borrower access to various account services, including account information and account management, an online advisor that personally welcomes and counsels customers, and the ability to submit loan-related forms with eSignatures. FSA sent nearly three million 1098-E tax forms via this Web-site. Now that deferment, forbearance and Electronic Debit Accounts (EDA) applications are available online, FSA has saved over \$1 million in postage and fulfillment expenses.

## 3 OBJECTIVE THREE: Employee Satisfaction

- **Electronic Document Management:** FSA created an Electronic Document Management and Electronic Records Management System (EDMS/ERMS) to transform all of the existing school records (five million pages) into electronic images. The system will help FSA achieve its modernization goals of increased customer and employee satisfaction and reduced costs by

providing FSA staff with a more efficient means to retrieve and manage records. FSA staff and Education Credit Management Corporation, a Federal Service Bureau, scrubbed over 7,000 school files in preparation for scanning. All school files have now been scanned and are available to staff all across the country. FSA staff can now retrieve any school record from their desktop. This eliminates photocopying, mailing costs to regional offices, lost documents, and phone calls to schools.

- **FSA University and FSA Human Resources Launch FSA Career Zone:** The Zone is an employee development resource offering courses and training both from best-in-business vendors and in-house FSA experts, in formats that include classroom training, small group discussions, networking, e-learning and more.

## 4 OBJECTIVE FOUR: Program Integrity

- **FSA Assessments:** The Quality Assurance Program staff redesigned the assessment worksheets that Quality Assurance Schools use to find and fix problems before they turn up as liabilities in audits or program reviews. The assessments guide schools to identify or prevent compliance issues, and implement management enhancements to improve the delivery of student aid. Each assessment includes hyperlinks to regulations, the FSA

Handbook, and other related documents. These “FSA Assessments” were presented at the Electronic Access Conferences and are available now to all schools to strengthen accountability and integrity.

- **Improved Financial Integrity and Internal Controls:** While FSA did not receive a clean opinion this year, FSA’s FY 2001 financial statement audit substantiated that significant progress has been made. Working together with the Department’s Chief Financial Officer, FSA is making steady progress toward Secretary Paige’s goal of obtaining a clean audit for the FY 2002 financial statements. To support these efforts, in March seven FSA/CFO staff members joined ED/OCFO staff in a nine-month training program to upgrade their financial management skills through increased understanding in the areas of federal budgeting, performance, management, appropriations law, reconciliation and credit reform and process improvement techniques.
- **Cost Savings and Fraud Reduction:** FSA’s CFO has established new procedures for processing payments to contractors. CFO now independently reviews and approves all incoming contractor bills. In addition to ensuring proper payments, the additional step was also instituted to ensure more prompt payments. FSA expects to save approximately \$300,000 each fiscal year by reducing the number of prompt payment interest fees assessed for late payments.

**PERFORMANCE PLAN INDICATOR STATUS AT A GLANCE**  
as of March 30, 2002

	Indicator	Status
Students Channel	Develop the design concept for the Students Portal that will provide access to student related online services.	●
	Establish integrated partnerships with 5 national organizations that target our identified audiences.	●
	Develop and disseminate 5 new information products that respond to the needs of the target audiences.	●
	Reduce the unit cost for calls received at 4-FED-AID.	●
	Develop "One Channel, One Number."	●
	Reduce the overall FSA documents printing budget by 10%.	●
	Increase the number of FAFSA's filed electronically to 5.5 million in FY 2002 with 55% via our web product.	●
	Process all paper and electronic FAFSA's with an average turnaround time of 6 days or less.	●
	Reduce erroneous grant payment awards; and Pell Grants overpayments (2001 baseline = \$138 Million) .	●
	Fully support the Administration's efforts to improve the data match with the IRS.	●
	Develop and deploy a re-engineered FAFSA on the Web product.	●
	Increase by 25% the number of visitors to the Direct Loan Servicing Web site.	●
	Implement Internet billing and online correspondence as part of the Direct Loan eServicing initiative.	●
	Increase the number of lenders using EFT for Direct Consolidation by 100%.	●
	Process loan consolidations in 45 days or less.	●
	Increase the number of loan consolidation applications filed electronically to 80% of total applications.	●
	Improve default recovery rate.	●
	Increase the FY 2002 default recovery rate to 15%.	●
	Ensure that default recovery totals exceed default claim totals for the fiscal year.	●
	Recover \$200 million in defaulted loans using the National Directory of New Hires database matching program.	●
Schools Channel	Demonstrate pursuit of improved default management and prevention strategies.	●
	Combine data from CPS and CODS to target compliance monitoring in abnormal situations.	●
	Keep the loan programs' cohort default rate under 8%	●
	Implement a common business process for aid origination and disbursement of Pell Grants and Direct Loans.	●
	Using COD, electronically integrate drawdown information with disbursement reporting data.	●
	Using COD, institute eligibility check for valid ISIR on file for all Direct Loan recipients (except PLUS).	●
	Using COD, provide tools for reviewing and monitoring of 30-day cash management reporting requirement.	●
	Develop a design for "Consistent Answers for Customers" for Release 2.	●
	Process 98% of the Direct loan origination and disbursement records within two days.	●
	Implement Phase II of our eCampus Based modernization project.	●
	Develop a design for electronic institutional financial statements and compliance audits.	●
	Develop and deliver a series of services to new schools.	●
	Identify trends in risk areas and provide targeted technical assistance to schools.	●
	Identify areas for regulatory and legislative changes in the Title IV Programs.	●
	Conduct at least three national conferences for schools.	●
	Develop a guide on processing school closures that focuses on reducing the impact to students.	●
	Provide schools with tools for compliance and continuous improvement in Title IV program delivery and service.	●
	Identify areas for improving compliance effectiveness and take the appropriate steps to fix them.	●
	Process 98% of the Pell funding requests within 24-36 hours.	●
	Release Version 2 of the School Portal.	●
Financial Partners Channel	Resolve 94% of school compliance audits within six months of receipt.	●
	Support the Department's review of FSA's current strategy for monitoring schools and the lending community.	●
	Establish Web Portal for Financial Partners to provide one stop access to FSA services and information.	●
	Implement Phase II of the Financial Partners Data Mart.	●
	Implement Phase III of the Financial Partners Data Mart.	●
	Improve reliability of lender billing data through a redesigned lender payment process.	●
	Continue monitoring the existing VFAs (4) and operational oversight.	●
	Provide VFA Report II to Congress.	●
	Retire the FFEL System remaining GA and Lender functions, and FP related support.	●
	Work with the GA community to establish common performance metrics in various areas.	●
CIO	Utilize the FP Data Mart as a basis to establish risk management assessment ability of various agencies.	●
	Use established trade association work groups to emphasize data integrity and improve data reporting.	●
	Complete the design of an enterprise-wide security and privacy architecture.	●
	Develop a single sign-on capability for the School Portal.	●
	Identify technology infrastructure and adopt technology standards to support GPEA electronic transactions.	●
	Appropriate integration of the IT investment management process with the acquisition process.	●
	Certify and accredit 100% of the general support systems and major applications.	●
	Demonstrate data quality improvements in NSLDS to support the FFEL financing reporting.	●

CIO cont'd	Expand FSA's enterprise-wide electronic signature to several other business applications.	●
	Achieve 90% of the annual modernization milestones that have been approved by the ITIRB.	●
	Achieve an average of 10% unit cost per aid receipt reduction for VDC costs.	●
	Convert partner interfaces from a private network to the Internet.	●
	Continue phased re-engineering of current NSLDS.	●
	Implement Enterprise Application Integration (EAI) Release 3 as defined in approved business case.	●
	Implement Integrated Technical Architecture (ITA) Release 3 as defined in approved business case.	●
CFO	Develop a design for providing consistent data from modernized systems to FSA.	●
	Strengthen FSA's internal controls and financial integrity.	●
	Install an electronic management and data retrieval system to support recordkeeping activities.	●
	Develop and implement Phase IV of the Financial Management System.	●
	Implement Oracle's "Federal Financial's" software package that meets federal accounting standards.	●
	Develop the project plan to upgrade Oracle's "Federal Financial's" to version 11i in FY 2003.	●
	Complete the concept and project plan to implement Oracle's multi-org capability.	●
	Ensure that FSA receives a clean opinion on its FY 2002 financial statements.	●
	Enhance FSA-wide activity-based costing as a management tool.	●
	Implement improved Direct Loan servicing infrastructure.	●
	Update the FSA High Risk Action Plan for FY 2002.	●
	By 2003, Federal Student Assistance will leave the GAO high-risk list and will not return.	●
	Ensure FSA systems are reconciled to the Department's general ledger within 45 days of month's end.	●
	Meet regularly with GAO on the student financial assistance program's high risk status.	●
	Prepare action plans within 60 days of OIG issuance of final reports, and implement 95% within timeframes.	●
	Partner with the Department to ensure that FSA's new facility is fully functional and operational.	●
	Review baseline budget data and develop a framework for budget requirements.	●
	Use subsidy calculation assumptions to define requirements for a replicable model.	●
	Integrate IT investment management and budget processes for submittal of the FY '04 budget to OMB.	●
	Put financial management infrastructure in place.	●
Enterprise Areas	Complete postproduction validation of the Financial Management System.	●
	Make known the amount of funding available for IT initiatives at the beginning of the IT process.	●
	Ensure the Department has strong documentation to demonstrate that it has addressed high-risk issues.	●
	Roll out scorecards on the remaining 75-plus teams.	●
	Develop an intranet website with information about on-going, completed, and planned analytical projects.	●
	Create an FSA Program Development Knowledge Database.	●
	Release Version 2 of FSANet.	●
	Provide comprehensive communications support for key initiatives.	●
	Perform routine customer satisfaction surveys of Ombudsman services.	●
	Capture data to answer FAQ's about Ombudsman case issues.	●
	Modify procedures to expedite the recruitment process.	●
	Implement new employee incentives and recognition programs that support the Performance Plan.	●
	Support the Department in its effort to implement a new ED-wide performance evaluation process.	●
	Determine employees skills needed to effectively perform program functions.	●
	Perform a 5-year workforce planning and restructuring analysis and include in FY '03 budget submission.	●
	Develop workforce restructuring implementation plan.	●
	Initiate competitive sourcing of appropriate tasks performed by employees consistent with the FAIR ACT.	●
	Develop a "Learning Management System" that will improve registration services for customers.	●
	Create and launch an FSA Career Zone web site and Washington, D.C. location.	●
	Develop and offer a multi-module voluntary learning series for FSA managers on "Managing for Performance."	●
	Transform remaining program operations, legacy contracts into performance-based contracts.	○
	Ensure that 100% of significant IT procurements are tied to an approved business case before processing.	○
	Approve business cases for IT initiatives before consideration by the IRB.	○
	Transform appropriate services contracts into performance-based instruments.	○
	Provide performance-based training on acquisition management to all FSA managers.	○
	Establish an "Operating Partners Pool" of contractors.	○
	Complete new procurements for products and services through the "Operating Partner Pool."	○
	Customer Service (measure the service levels of targeted FSA transactions with the public).	●
	Complete items in the FSA Action Plan on time 95% of the time in FY 2002.	●
	Reduce unit cost enough to overcome both increase in workload and shift in servicing operations.	●